

Dear Reader,

the tightening of credit standards by eurozone banks and the current economic crisis are heavily penalising European industries, particularly the 23 millions of SME, to access loans to finance their investments. To address this priority, Vice President Antonio Tajani, presented today "**An action Plan to improve access to finance for SMEs** backed by Commissioner Michel Barnier " which completes the framework aimed at sustaining SME and at boosting their competitiveness.



Antonio Preto
Head of Cabinet

As highlighted by the research on the access to finance, jointly conducted by DG ENTR and the European Central Bank, one third of the 15.000 surveyed industries did not have access to bank loans either because of the lack of required guarantees or because of excessive interest rates. It is thus likely that these SMEs have been forced to renege on investments planned, with negative consequences on economic growth. Aware of these market distortions, the European Commission decided to **give a stronger answer**.



Joint Press Conference, Vice President Antonio Tajani and Commissioner Michel Barnier

After the adoption, one month ago, of the **Communication on internationalisation** to help SMEs accessing fast growing markets, the Action Plan is determined to **improve access to financing for SMEs, to create a single market of venture capital and to establish better conditions for entrepreneurship**.

These **objectives** will be fulfilled through the adoption of a legislative proposal aimed at creating uniform rules for trading European venture capital funds. The **priority** is at reinforcing SMEs' visibility to investors, facilitating their access to capital markets and promoting SMEs access to the stock exchange.

Venture capital represents a concrete alternative to bank financing and it constitutes a long-term investment for young and innovative SMEs, or even to start up. Through an equity investment in the company itself, venture capitalists have a concrete interest in the profit and the success of the companies. However, if compared to the US, the average European venture capital fund is small and

it is only able to provide low levels of capital, far from making a meaningful capital contribution to the company.

With this regulation, the European Commission intervenes to facilitate the creation of bigger venture capital funds which translate in easier and more accessible capitals for SMEs diminishing their reliance on bank loans.

Furthermore, the Commission suggested the creation of a specific guarantee mechanism supporting SMEs involved in the **cultural and innovative sectors**. These measures will help European SMEs to become more competitive on the global scene.

A second legislative proposal aimed at creating a **European social entrepreneurship fund** was presented by Commissioner Michel Barnier and strongly endorsed by Vice President Antonio Tajani, who presented the 25th of October a Communication on Corporate Social Responsibility. Social businesses face today even worse difficulties in obtaining loans because of their economic structure. However, they have a strong potential with regard to job creation, thus the need to sustain them.



Additionally, as explained by Vice President Antonio Tajani, the European budget and the funds coming from the European Investment Bank will be used as a guarantee when market failures hamper SMEs' growth. The European Commission also suggested to exchange best practices, acting as a coordinator between the national and the EU level.

Recalling the need for further transparency and simplification, Vice President Antonio Tajani illustrated the **coherence** of this initiative with the other financing actions. Promoting access to finance for SMEs must become a mainstream principle. Both in the Competitiveness and Innovation Framework Programme for the competitiveness of industries and SMEs (COSME) and in the Horizon 2020, the Commission is willing to strengthen tools regarding guarantees and venture capital for SMEs. This would lead to a substantial increase of the EU GDP and to a certain degree of job creation.

Awareness-raising with regard to all the EU instruments will be made available through a reinforced **consulting role of the Enterprise Europe Network** and through a **web platform** in all EU languages illustrating the wide range of financial tools for SMEs.

Vice President Antonio Tajani is committed to push forward his action through a **horizontal strategy**, because SMEs represent the main economic driver to restore a fast and long lasting recovery in Europe. European support to SMEs constitutes therefore a fundamental priority in the EU political agenda.